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here
today



Business Plan 1998-2001

here
tomorrow



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The past year has been a year of change for Alberta Treasury Branches (ATB). Change that helped secure ATB's position. And change that signals clearly:

"We're here today to serve Albertans. And we'll be here tomorrow with new ideas, new products and a determined commitment to be the first choice of Albertans."

a new business plan



Looking back, here are some of the important accomplishments of the past year:

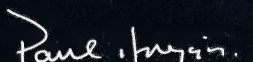
- A new Board of Directors set a clear direction with strong business discipline.
- A new CEO and leadership team took action to revitalize and renew ATB.
- A new organization structure was established with three key business areas and 13 regions serving the province.
- Marketing efforts and new products have helped in establishing ATB's reputation as "Alberta's First Choice."
- New legislation gives ATB the flexibility to expand products, attract and retain employees, and improve our ability to compete with other financial institutions in the marketplace.
- New training programs, a permanent ATB Corporate Learning Centre and new compensation programs will help achieve the objective of recruiting and retaining the best people.
- A review of ATB's information technology capabilities is well underway to assess our customers' needs.

for a renewed ATB

- A thorough review of all non-performing loans was undertaken and the result has improved the quality of our balance sheet.
- A fiscally sound base has been established, clear policies have been set to guide lending decisions, and a strong commitment has been made to return ATB to profitability. And these actions are reflective of the strong results we are seeing in the 1997-98 fiscal year.



Marshall M. Williams
Chairman of the Board



Paul G. Haggis
President and
Chief Executive Officer

Our commitment to return ATB to profitability is reflected in the strong results we are seeing in the 1997-1998 fiscal year.

Protecting the bottom line

ATB conducted a major loan review commencing in November 1996 and set aside \$198 million for probable loan losses. Included in this amount is a general provision on current loans, which was taken for the first time.

The review was similar to actions taken in the early 1990s by all the major banks. Through this review, ATB has improved the quality of its balance sheet and its loans are now valued appropriately.

A new focus

With the solid building blocks of a new future now in place, ATB is looking ahead with renewed confidence.

The priorities for ATB's Business Plan 1998-2001 now shifts to three key business goals: focusing on our core target markets, increasing profitability, and getting the best value for every dollar spent. Our success in meeting these goals will ensure that we're here today providing Albertans first class financial services. And we'll be here tomorrow, working with Albertans to fulfill their financial goals.

facing a challenging future



Change is a constant in our lives today, and the financial services business is no exception. At ATB, we know there are some important challenges ahead.

Changes in financial services

Across Canada, financial institutions are consolidating into larger, more diverse businesses. They're closing branches in rural communities in favour of automated banking, on-line services, and more centralized lending. Greater foreign entry into the financial services sector is also anticipated.

These challenges provide unique opportunities for ATB. We provide a true alternative – a responsive and local provider of friendly, personalized service meeting Albertans' needs. We're there today with 278 branches and agencies in 109 communities across the province, and we will be there tomorrow. Flexibility, new products, and personalized customer service will help us keep pace with the competition and respond to changing expectations of our customers, especially in a time of dynamic growth in the province's economy.

We provide a true alternative – a responsive and local provider of friendly, personalized service meeting Albertans' needs.

With a prospering Alberta economy, ATB can also expect increasing competition from other financial institutions entering or expanding operations in the Alberta market. Customers are looking for the best products, the best services and the best price.

Information technology

Technology is changing almost every facet of how business gets done, how organizations operate and how day to day activities are handled. Within the financial services marketplace, there is a move to more convenient access through Call Centres; 24 hour service available seven days per week; Internet banking; and telephone banking. Individual customers have a range of options for their savings including mutual funds and other fixed income instruments such as bonds or mortgage-backed securities. A wide range of financial services can now be delivered through computers, the Internet or at-home visits from financial advisors. Investment advice from prominent experts around the world is available at your fingertips through the Internet.

As with any other business or financial institution, ATB has to use creativity to move quickly with new ideas and new services and to capture and hold a market advantage. During this planning period, we will work more aggressively to develop electronic delivery channels, priced accordingly.

Alberta's dynamic economy

All reports and forecasts for Alberta's economy consistently describe an economy that's "firing on all cylinders" and leading the rest of Canada. Whether it's in the oil sands, transportation, manufacturing, exports or agri-foods, the next few years point to continued strong growth for Alberta, growth that translates into more jobs, higher incomes, and a growing population. For ATB, a growing Alberta economy leads directly into expanding business opportunities.

Like all Albertans, however, we understand the volatility of Alberta's economy. Businesses have learned that decisions on investments made today cannot assume that growth will continue at the same pace.

Our job is to work with our business customers to help them make sound investment decisions, not just for today, but for tomorrow as well. Prudent lending practices based on realistic assumptions about the risks involved are essential.

A key challenge we face at ATB is to increase profitability and achieve sustainable earnings over the planning period. That's one of the goals of this business plan and it's our strong commitment to Albertans.

ATB will work more aggressively to provide a wide range of financial services electronically.

For ATB, a growing Alberta economy leads directly into expanding business opportunities.



confirming

the direction for ATB

A vision for ATB's future

Alberta's first choice for financial services in three target market areas: individual financial services, agricultural operations, and independent business. Albertans investing in Alberta.

ATB's mission

To provide personalized financial services to Albertans while earning a fair return.

ATB's commitment

- To meet customer needs through innovative financial services at a competitive price.
- To demonstrate integrity in all our financial decisions through a secure balance sheet, prudent investment practices, and by reporting our performance against published targets.
- To retain the trust and confidence of our customers, staff, and our owners – the people of Alberta – through open and accountable communications.
- To treat our customers and staff with fairness and respect.
- To have the best people through a competitive compensation program, training and education, and career opportunities to develop staff to their full potential.

Underlying these commitments are the following values:

- Service to customers.
- Support for our staff.
- Integrity.
- Accountability.

business plan 1998 - 2001



Three clear goals

1. Focus on core target markets

ATB will maintain our customer focus in three target markets: individual financial services, agricultural operations, and independent business. In each of ATB's target markets, we will expand our business by meeting the needs of our customers today and in the future.

ATB will also continue its presence in the commercial lending area. New credit policies will ensure that such loans are well secured and closely monitored.

Our customers deserve highly knowledgeable staff who can solve problems, give sound advice and respond quickly to their needs. They deserve fast, personalized and efficient service, customized products, access to services 24 hours a day, seven days a week, and innovative products at competitive prices.

ATB expects to achieve its first goal of expanding our business, by following through on our commitments to personalized customer service, expanding our distribution base and supporting that with first rate products.

Selected strategies

- Meet and exceed customer expectations in our three target markets.
- Expand our current distribution base through a combination of new branch locations and automated banking machines (ABMs).
- Implement a world-class Call Centre and develop use of on-line services through Internet banking, Agents and commission sales staff.
- Establish a proactive sales culture backed up with personalized and competitive products and services, accessibility, and seamless delivery in meeting the lifestyle needs of our customers.
- Focus marketing initiatives according to customer and market needs.
- Invest in our staff by introducing incentive compensation plans and pay related to performance, as well as by expanding training opportunities.

In each of ATB's target markets, we will expand our business by meeting the needs of our customers today and in the future.

- Re-organize for growth to ensure that we have the right people in the right locations to provide the right services to our customers.
- Explore strategic alliances as an effective way of delivering a broad range of services to customers at a competitive price.

Performance measures

- Loan growth.

2. Increasing profitability

At ATB, we're committed to serving our customers and to making a fair profit. Albertans count on ATB to provide competitive rates and personalized services. They also want to see a healthy bottom line and a first-rate financial institution making a fair return for Albertans.

It also means that within ATB, we need information that is timely, accurate, easy to understand and that helps us assess the impact of business decisions and make better decisions in the future.

Selected strategies

- Assess the profitability of each branch, region, line of business and product, and use that assessment to guide decisions, strategies and actions.
- Assess fees and bring them in line with our customers' perception of value.
- Expand fee for service products and services in areas such as wealth management.
- Improve accountability for managers and reward success.
- Continue with prudent lending policies, manage credit risk carefully, and reduce loan losses.
- Manage interest rate risk through conservative asset liability management.

Performance measures

- Eliminate the accumulated deficit by March 31, 2000.
- Net Income.
- Loan Loss Provisions.
- Non-Interest Income / Total Revenue.

Albertans count on ATB to provide competitive rates and personalized services.

3. Getting the best value for every dollar spent

To improve ATB's bottom line, we have to provide the best customer service and the products our customers need. We also have to balance that service with its cost. The continuing challenge is to improve products and services and keep costs in line.

As noted earlier, technology is changing both the way financial institutions operate and the way our customers choose to do business. That means using technology to our best advantage and to the advantage of our customers.

Other challenges we face lie in streamlining and controlling costs, improving the processes we use, and making sure we get the best value for every dollar spent.

The continuing challenge is to improve products and services and keep costs in line.

Selected strategies

- Review current processes and consider which ones can be streamlined, automated or eliminated entirely.
- Expand the use of electronic transactions within branches.
- Implement zero-based budgeting controls.
- Pursue strategic alliances as appropriate.
- Increase productivity by decreasing costs.

Performance measures

- Efficiency ratio (Operating revenues / Operating costs).
- Percentage of transactions done electronically.



Next steps

Business Plan 1998-2001 continues on ATB's determination to become the best in the class and Albertans' first choice in our chosen target markets. And it sets three simple and clear business goals: focusing on our core target markets, increasing profitability, and getting the best value for every dollar spent.

At ATB, we're confident these goals can be met. And we're confident about ATB's future. It's an exciting and challenging future ... a future where we build on our traditional strengths, maintain a strong commitment to our loyal customers, and expand into new markets and new opportunities as part of the fabric of a changing and dynamic Alberta.

ATB is quickly becoming a renewed, efficient organization, committed to friendly customer service with quality products at an affordable price. Over the next year, Albertans can expect innovative, new products and services introduced to meet our customers' needs.

here today

While much will change in the coming years, one thing will remain constant ... our commitment to Alberta and putting Albertans first. By following through on that commitment, we can assure Albertans, ATB is here today ... and we'll be here tomorrow.

here tomorrow



Personal services

Deposit accounts

- PASS Account
- Albertan Ultra
- GIS III
- JUVÉ
- US Dollar Savings

Investments

- Compound Interest Certificates (CIC)
- Guaranteed Investment Certificates (GIC)
- Term Deposit Certificates
- US Term Deposit Certificates
- Seasonal Products
 - Flexible GIC
 - Cashable GIC

Retirement products

- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF)

Cards

- MasterCard
- Debit Card

Personal loans

- Home Equity Line of Credit
- Personal Line of Credit
- Personal Loans
- Overdraft Protection
- RSP Loans

Mortgages

- Conventional
- High Ratio

Loan insurance

- Group Creditor Life, Accidental Dismemberment, and Permanent Loss
- Group Creditor Disability Insurance

Services

- Priority Plan
- Cash Management System (CMS)
- Any Time Banking
- Safekeeping
- Money Services

Business services

Deposit accounts

- Current Account
- US Dollar Chequing Account
- Guaranteed Investment Savings
- Albertan Ultra
- US Dollar Savings

Investments

- Compound Interest Certificates (CIC)
- Guaranteed Investment Certificates (GIC)

- Term Deposit Certificates
- US Term Deposit Certificates
- Seasonal Products
 - Flexible GIC
 - Cashable GIC
 - Equity Based GIC

Business loans

- Capital Financing Loans
- Operating Loans
- Government Guaranteed Loans
- Professional Practice Loans

Loan insurance

- Group Creditor Life, Accidental Dismemberment, and Permanent Loss

Services

- Cash Management System (CMS)
- Electronic Funds Transfer (EFT)
- Merchant MasterCard and Direct Payment
- Any Time Banking
- Safekeeping
- Money Services

Agriculture services

Deposit accounts

- NISA Account

Loans

- Agri-Term
- Agri-Plan
- ATB Specialty Loans
 - Cost Cutter
- Government Guaranteed Loans
 - Farm Improvement Loans
 - Alberta Farm Development Loans

Investments

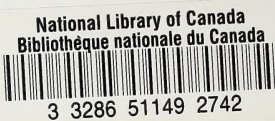
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- Seasonal Products
 - Flexible GIC
 - Cashable GIC

Loan insurance

- Group Creditor Life, Accidental Dismemberment, and Permanent Loss

Services

- 4-H
- Agriculture Services
- Cash Management System (CMS)
- Any Time Banking
- Safekeeping
- Money Services



For more information
about ATB's plans
for the future,
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